
Implementing a Pay-for-Performance System

**Lessons Learned from the
DOD Civilian Acquisition Workforce
Personnel Demonstration Project
(AcqDemo)**

Lessons Learned from the AcqDemo

Agenda

- Involvement and Knowledge of Senior Leaders**
- Integrated Management Structure**
- Compensation Planning**
- New/Changing Roles for Stakeholders**
- Iterative and Integrated Training Approach**
- Performance Management Process**

Involvement and Knowledge of Senior Leaders

- **Leadership at all levels must:**
 - **Be visibly involved in implementation.**
 - **Be capable of operating the system to achieve organizational goals while maintaining fairness/equity.**
 - **Be capable of communicating both benefits and potential impacts on the organization and the workforce.**
 - **Assure employees that the organization is dedicated to system success, despite implementation challenges.**

Buy-in at all Levels is Crucial

Integrated Management Structure

- The greatest challenge in the development, implementation, and continued operation of a pay-for-performance system is

Managing Flexibility

- Centralized development/decentralized execution requires the establishment of a management structure (at the organization/component/DoD levels) to:
 - Ensure organizations understand and utilize the authorities they have been given.
 - Provide oversight and direction as required.
 - Maintain a desired level of consistency.
 - Hold organizations/components accountable for results.
- Best results are achieved when authorities are fully and consistently utilized by management and human resource professionals.

Compensation Planning

- **Compensation planning must be part of an organization's overall strategic plan.**
 - **Pay strategies/decisions should be driven from the top down.**
 - **Organizations need to determine the “value” to assign to a particular job.**
 - **Identify occupational and position salary ranges.**
 - **Organizations should annually define/review pay-setting priorities and methods of salary determination.**

New/Changing Roles for Stakeholders

- **NSPS will define new roles for managers, supervisors, human resource professionals, and employees.**
- **All stakeholders must understand the system as a whole as well as their individual roles and responsibilities.**
 - **New roles may require targeted training**
- **Training must be structured to deliver in-depth system design and operational insight from perspective of the:**
 - **Employee**
 - **Supervisor**
 - **Manager**
 - **Pay Pool Manager/Member**
 - **HR Professional**

Success will depend on the strategic partnership of management and human resource professionals.

Iterative and Integrated Training Approach

- **Training for NSPS will begin while refinements in the spiral development/design process of NSPS are still taking place.**
- **A process should be established to ensure that individuals with expertise in the design of the system are involved in efforts to:**
 - **Refine/adjust/disseminate training content throughout development.**
 - **Assure that all levels of the workforce are receiving consistent information.**
 - **Provide authoritative answers to questions not answerable on-the-spot.**
 - **Respond to issues arising during both implementation and continued operation.**

Performance Management Process

- **Communicating Organization Goals and Mission**
- **Communicating Objectives and Accomplishments**
 - **Common Language - Factors, Descriptors, and Discriminators**
 - **Supervisory/Employee Communication**
- **Knowledge of Pay Pool Panel Process**
- **Automated System/Support**

Communicating Organizational Goals and Missions

- **Mission related performance criteria and clear objectives are essential to a pay-for-performance system.**
 - **Individual objectives should be tied directly to organizational goals and objectives.**
- **To successfully link employee objectives to organizational goals/objectives:**
 - **Leadership must clearly communicate the organization mission, goals, and objectives.**
 - **Organizational objectives should cascade from the top level of an organization down to the most junior positions so that each individual understands his/her role in the organization's success.**

Communicating Objectives and Accomplishments

“Common Language” - Factors, Descriptors, and Discriminators

- **In AcqDemo, contribution is measured using a set of common factors, descriptors and discriminators which:**
 - **Capture the critical content of jobs in each career path.**
 - **Describe increasing levels of contribution within each broadband level.**
 - **Provide the standards of measure that supervisors should use as they determine the appropriate level at which to assess their employees.**
- **Such a “common language” is required to facilitate the objective assessment of an employee’s contributions.**

Communicating Objectives and Accomplishments

Supervisory/Employee Communication Essential for:

- **Setting Performance/Contribution Objectives**
 - Discuss and *reach mutual understanding* on the employee's contribution/ performance and desired outcomes/results for the coming year.
- **Interim Reviews/Assessments (throughout the year)**
 - Discuss and *reach mutual understanding* on what improvement is required, how improvement will be recognized, what assistance is required, and consequences for not improving.
- **Supervisory Assessment**
 - Discuss and *reach mutual understanding* on contribution/performance against each objective and factor, and its impact on mission.

Knowledge of Pay Pool Process

Transparency in the pay pool process is essential

- **All stakeholders - not just pay pool members - must be provided with a uniform understanding of all pay pool functions and responsibilities.**
- **Information that should be provided includes:**
 - **Pay pool panel structure**
 - **Roles and responsibilities of pay pool members.**
 - **Important terms and concepts.**
 - **Steps/timeline of the appraisal and pay pool process.**

Conducting a Mock Pay Pool is a must

- **Provides opportunity for participants to apply the knowledge/skills gained in training.**
- **Provides feedback to all stakeholders in the process.**

Automated System/Support

- **DCPDS, the Department's web-based civilian personnel data system, will eventually provide the necessary automation support for the NSPS performance management system.**
- **The Department has not decided whether the automated support for NSPS will reside within DCPDS itself or as a separate web-based system.**

WHATEVER THE SOLUTION...

- **Given the common problems associated with web connectivity and availability, AcqDemo organizations have found it extremely beneficial to have an offline option for several critical aspects of the performance management process:**
 - **Assigning and reconciling performance ratings.**
 - **Calculating salary adjustments and awards.**